Demand for Scrapping the Restructured Pension Scheme

1561. SHRI JANARDHANA POOJARY: Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether it is a fact that the restructured pension scheme being monitored by the Pension Fund Regulatory and Development Authority of India has come into effect from 1st January, 2004;

(b) if so, the details of the scheme;

(c) whether there is demand for scrapping the scheme and reverting back to the old scheme from certain quarters; and

(d) if so, Government's reaction thereto?

THE MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRA SEKHAR RAO): (a) to (d) A new restructured defined contribution pension system is mandatory for all new Central Government recruits (excluding Armed Forces, in the first stage) with effect from 1st January, 2004. The monthly contribution is 10 percent of the salary and Dearness Allowance to be paid by the employee and matched by the Central Government. The New Pension System (NPS) will be available, on a voluntary basis, to all persons including self employed professionals and others in the unorganised sector. However, mandatory programmes under the Employees' Provident Fund Organization (EPFO) and other special provident funds continue to operate as per the existing system under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and other special Acts governing these funds. Workers in the organized sector would continue to be governed by schemes under these Acts.

After extensive consultations and taking into account the views of various Sections, in order to promote old age income security and to fix Government's pension liability up front, Government have decided to have a funded pension scheme where members have investment choices.

Employment Elasticity in Software and BPO Sector

1517. SHRIMATI BIMBA RAIKAR: Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether according to a study of Planning Commission the unemployment rate is likely to increase to 11% of the total workforce by the end of 2007 from 9.2% at the commencement of the Tenth Five Year Plan;

(b) the reasons cited by the Commission in support of its projection; and

(c) whether the employment elasticity in software and BPO sectors are in share contrast to the manufacturing sectors as per report of Morgan Stanley consultants?

THE MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRA SEKHAR RAO): (a) and (b) Tenth Plan projected the number of unemployed persons in the country to go down from 34.85 million in 2001-02 to 21.15 million in 2006-07 as measured on Current Daily Status (CDS) basis. This signifies a decline of unemployment rate in the Tenth Plan from 9.21% in the beginning to 5.11% at the terminal year of the Tenth Plan. The Tenth Five Year Plan document also gives a scenario where unemployment rate will increase from 9.21% in the beginning to 10.63% at the terminal year of the Tenth Plan if there are no changes in policies.

(c) Industry-wise employment elasticities during 1993-2000 worked out on current daily status basis for the tenth plan period are given in the Statement.

Statement

Industry-wise employment elasticities

S.No.	Industry-wise	Eleasticities 1993-2000
1.	Agriculture & Allied (incl. Rural activities)	0.006***
2.	Mining & quafrying	-0.41
3.	Manufacturing	0.33
4.	Electricity, gas and water supply	-0.52
5.	Construction	0.82
6.	Trade, hotels & restaurants	0.62
7.	Transport, storage and communication	0.63
8.	Financing, insurance, real estate and business services	0.64
9.	Community, social & personal services	-0.25

NOTE:—***Including Special Employment Programs.